A-LEVEL ECONOMICS • EXERCISE SHEET

1.2 Economic methodology

Name: ____________ Class: ________ Date: __________ **Total: 17 marks**

KEY WORDS ceteris paribus 其他条件不变 • value judgement 价值判断 • macroeconomics 宏观经济学 • micro- and macroeconomics 微观与宏观 • social science 社会科学

Objective

Build the skills to answer exam questions on **economic methodology** 经济学方法论 — economics as a **social science** 社会科学, **positive and normative** 实证与规范 statements, **ceteris paribus** 其他条件不变, and **micro- and macroeconomics** 微观与宏观.

You must be able to:

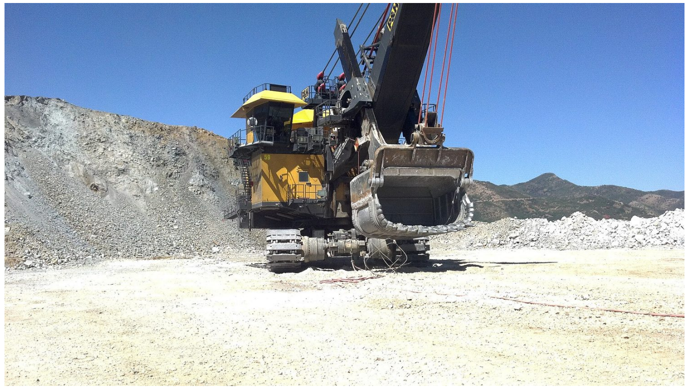
- distinguish **positive** 实证 (fact) from **normative** 规范 (opinion) statements
- explain **ceteris paribus** and why economists use models
- distinguish microeconomics from macroeconomics

1 Worked examples

How economists think

Positive statement	Normative statement
a statement of fact	*a statement of opinion*
can be tested true or false	rests on a value judgement
e.g. a higher petrol price reduces the quantity bought	e.g. the government should make petrol cheaper

Positive (fact, testable) versus normative (opinion, value judgement) statements



Economics builds models 模型 and tests them with data

- **Positive statement** 实证表述: a fact that can be tested true or false (“a higher petrol price reduces the quantity bought”).
- **Normative statement** 规范表述: an opinion resting on a **value judgement** 价值判断 (“the government *should* make petrol cheaper”).
- **Ceteris paribus** 其他条件不变: “all other things stay the same” — change one variable at a time.
- **Micro** 微观 = single markets/firms; **macro** 宏观 = the whole economy.

Answer shapes: AO1 (define) + AO2 (apply) + AO3 (analysis) + AO4 (judgement, for evaluate questions).

2 Practice

2.1 State the difference between a *positive* and a *normative* statement. [2]

2.2 Define the term *ceteris paribus*. [2]

2.3 State whether each is micro or macro: (a) the market for coffee; (b) a country's total unemployment. [2]

3 Exam-style questions

3.1 Which is a **normative** statement? [1]

A | B
C | D

A A rise in income tax reduces consumer spending.
B Unemployment rose to 6% last year.
C The government ought to cut income tax for the poor.
D A higher minimum wage can raise firms' costs.

3.2 Explain, with an example, why economists use the assumption of *ceteris paribus*. [4]

3.3 Explain the difference between positive and normative statements, and why the distinction matters for economic policy. [6]